UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 05-10917 PBS

The HipSaver Company, Inc.,
Plaintiff,

v.

J.T. Posey Company,
Defendant

Defendant

)

APPENDIX OF EXHIBITS IN SUPPORT OF (1) DECLARATION OF EDWARD L. GOODWIN, (2) PLAINTIFF'S OPPOSITION TO DEFENDANT'S MOTION TO TRANSFER, AND (3) PLAINTIFF'S OPPOSITION TO THE DEFENDANT'S MOTION TO DISMISS OR FOR SUMMARY JUDGMENT AND CROSS-MOTION FOR PARTIAL SUMMARY JUDGMENT FOR BREACH OF THE SETTLEMENT AGREEMENT

- 1. 2004 Settlement Agreement
- 2. Posey 2005 Advertisement
- 3. Fax dated April 8, 2005 from Goodwin to Posey
- 4. Garwood Laboratories Impact Study (Includes all excerpts of study received by Mr. Goodwin in response to his demand to Posey)
- 5. Letter dated April 27, 2005 from Posey to Goodwin
- 6. Complaint, D. Mass., filed June 10, 2004 (first page only)
- 7. Complaint, D. Mass., filed May 4, 2005 (first page only)
- 8. Complaint, C.D. Cal., filed May 18, 2005 (Except only)

- 9. Memorandum of Points and Authorities of Plaintiff and Counterclaim Defendant J.T. Posey Company in Partial Opposition to Motion of Defendant and Counterclaimant HipSaver Company, Inc. for Dismissal, Stay or Transfer of Action, dated July 11, 2005 (C.D. Cal.) (Excerpt only)
- 10. Screenshot from Posey website: www.posey.com
- 11. Stipulation for Dismissal from June, 2004 action in D. Mass., dated September 22, 2004
- 12. Excerpt from June, 2004 action in D. Mass. court docket (Case No. 04-CV-11294)

Respectfully submitted, THE HIPSAVER COMPANY, INC. By its Attorneys,

/s/ Edward J. Dailey

Lee Carl Bromberg

BBO no. 058480

Edward J. Dailey

BBO no. 112220

Peter J. Karol

BBO no. 660338

BROMBERG SUNSTEIN, LLP

125 Summer Street - 11th floor

Boston, Massachusetts 02110-1618

617.443.9292

617.443.0004 (fax)

Dated: July 1, 2005

CERTIFICATE OF SERVICE

I certify that a copy of this document has been forwarded by electronic filing and USPS First Class mail today to Defendant's counsel of record, Anthony J. Fitzpatrick, Esq., DUANE MORRIS LLP, 470 Atlantic Avenue, Boston, Massachusetts 02210 and by USPS First Class mail to Jeffrey G. Sheldon, Esq., SHELDON & MAK, 225 South Lake Avenue, 9th Floor, Pasadena, California 91101

Dated: July 1, 2005

/s/ Edward J. Dailey

Edward J. Dailey

02820/00502 414913.1

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into between The HipSaver Company, Inc. ("HipSaver") and J.T. Posey Company, Inc. ("Posey") with reference to the following facts:

RECITALS

- A. HipSaver has filed an action in the United States District Court for the District of Massachusetts entitled The HipSaver Company, Inc. v. J.T. Posey Company, Inc., as Civil Action No. 04-11294 PBS (the "Action"), in which HipSaver accuses Posey among other things of having violated the Lanham Act and the Massachusetts Unfair or Deceptive Business Practices Act by disseminating certain materials, including a document entitled "A Solution to Hip Fractures Using Performance Tested Hip Protectors" (the "White Paper") and including in Posey catalogs and promotional materials certain bar charts comparing the relative effectiveness of hip protectors (the "Bar Charts") and statements derived from the White Paper.
 - B. Posey denies the allegations asserted by HipSaver in the Action.
- C. Posey filed an answer and counterclaim in the Action in which Posey asserts among other things that HipSaver has made false representations about Posey products on HipSaver's website
 - D. HipSaver denies the allegations asserted by Posey in the Counterclaim.
- E. The Parties desire to settle all disputes among them concerning or in any way related to the Action.

NOW, THEREFORE, in consideration of the promises, covenants and conditions set forth in this Agreement, the Parties hereto agree as follows:

- 1. Posey shall pay to HipSaver the sum of \$360,000.00 by check payable to The BROMBERG SUNSTEIN LLP Client Account to be delivered to BROMBERG SUNSTEIN within fourteen (14) days of the filing of the Stipulation for Dismissal of the Action as set forth in paragraph 12 below (the "Stipulation for Dismissal").
- 2. Posey shall not distribute the White Paper or make any advertising claims based on or derived from the White Paper.

- 3. Posey shall permanently comply with the terms of the Undertaking filed in the Action by Posey on August 26, 2004, a copy of which is attached hereto as Exhibit "A".
- 4. In all future catalogs and other promotional materials Posey shall eliminate the Bar Charts and statements based on or derived from the White Paper and references to UCLA.
- 5. Within ten days from the filing of the Stipulation for Dismissal Posey shall provide all its sales representatives, distributors, and dealers who have purchased or sold Posey Hipster hip protectors at any time since January 1, 2001 a copy of the "Special Announcement: HipSaver® and Posey Hipster® brand Hip Protectors" a copy of which is attached hereto as Exhibit "B" (the "Special Announcement").
- 6. Within ten days from the filing of the Stipulation for Dismissal Posey shall post a link to a copy of the "Special Announcement: HipSaver and Posey Hipster brand Hip Protectors" on the first screen of the home page of the Posey web site immediately below the heading, "Resources for Healthcare Professionals". This posting shall continue until Posey has published and distributed its next editions of its Posey's "full line" catalogs and its "falls management and bed safety products" catalogs.
- 7. When Posey next distributes any of its annual catalogs advertising hip protectors, including Posey's "full line" catalogs and its "falls management and bed safety products" catalogs, it shall include therewith in the same envelope a copy of the Special Announcement: HipSaver and Posey Hipster brand Hip Protectors".
- 8. In the event of any further comparative testing of Posey and HipSaver products by either party, neither party shall make commercial advertising use of the results or analysis related to such testing without first giving the other party at least thirty (30) days advance written notice of the results or analysis.
- 9. This Agreement represents the compromise of disputed claims. Nothing contained here may be construed as an admission of wrongdoing or liability by any party.
- Except for the obligations contained in this Agreement, Posey releases HipSaver, and all of its officers, directors, employees, agents, representatives, dealers, distributors, shareholders, attorneys, predecessors, successors, assigns, affiliates, related. companies, or corporations connected with them from any and all claims, liabilities or

causes of action, known or unknown, fixed or contingent, which arise from or are related to the false advertising claims under 15 U.S.C. §§ 1125, 1117 and G.L. c.93A, §§ 2, 11 which were asserted or which could have been asserted in the Action for conduct which occurred prior to the date of this Agreement.

- 11. Except for the obligations contained in this Agreement, HipSaver releases Posey, and all of its officers, directors, employees, agents, representatives, dealers, distributors, shareholders, attorneys, predecessors, successors, assigns, affiliates, related companies, or corporations connected with them from any and all claims, liabilities or causes of action, known or unknown, fixed or contingent, which arise from or are related to the false advertising claims under 15 U.S.C. §§ 1125, 1117 and G.L. c.93A, §§ 2, 11 which were asserted or which could have been asserted in the Action for conduct which occurred prior to the date of this Agreement.
- 12. Concurrently with the counter-execution of this Agreement the Parties agree that their respective counsel will execute and file a Stipulation for Dismissal of the Action with prejudice substantially in the form of Exhibit "C" attached.
- 13. HipSaver acknowledges and agrees that it will not initiate any legal action against Vijay Gupta, Bimal P. Gandhi, or the University of California for any claim related to the false advertising claims under 15 U.S.C. §§ 1125, 1117 and G.L. c.93A, §§ 2, 11 which were asserted or which could have been asserted in the Action for conduct which occurred prior to the date of this Agreement.
- 14. The terms of this Agreement shall remain confidential except that they are binding and enforceable and are admissible for the purposes of enforcement. In addition, either party may truthfully report that the Action has been settled to the mutual satisfaction of the Parties. It is expressly understood and agreed that HipSaver may distribute and publish the "Special Announcement: HipSaver and Posey Hipster brand Hip Protectors" and may state that Posey will distribute that document in its new catalogs and to its sales representatives, distributors, and dealers. Except as provided in this paragraph, no Party shall, without notice to and the prior written consent of the other Party, disclose any of the terms and conditions of this Agreement to any person or entity, including, without limitation, to any customers or potential customers of a Party, provided, however, that any Party may disclose such information to the extent required

by law or order of a court or government agency; and the Parties may inform their attorneys and independent public accountants of the terms and conditions of this Agreement.

- 15. Each party shall bear its own costs, expenses and attorneys' fees in connection with the Action and the negotiation, preparation, and execution of this Agreement.
- 16. Any notices or other communications under this Agreement shall be in writing, and shall be sent by facsimile and/or by email attachment, with a copy by handdelivery or overnight courier service, as follows:

Notice Addresses:

To HipSaver:

The HipSaver Company, Inc.

7 Hubbard Street

Canton, Massachusetts 02021

Attention: Edward L. Goodwin

Fax: 1.781.821.6514

With a copy to:

BROMBERG SUNSTEIN LLP

125 Summer Street

Boston, Massachusetts 02110-1618

Attention: Edward J. Dailey, Esq.

Fax: (617) 443-0004

To: Posey:

J.T. Posey Company

5635 Peck Road

Arcadia, CA 91006

Attention: Ernest Posey

Fax: (626) 443-9886

With a copy to:

SHELDON & MAK

225 South Lake Avenue, 9th Floor

Pasadena, California 91101

Attention: Jeffrey G. Sheldon, Esq.

Fax: (626) 795-6321

17. The Parties, and each of them, acknowledge that they have completely read the terms of this Agreement, and fully understand the terms and consequences of this Agreement. All Parties further acknowledge that they have been represented by

counsel with respect to the negotiation and execution of this Agreement and that their counsel has explained the terms and the significance of this Agreement.

- The failure of any party to insist upon the strict compliance by any other party to this Agreement of the performance of any covenant, condition or promise herein shall not invalidate this Agreement nor shall any such failure be construed as a waiver or relinquishment of the performance of any other covenant, condition or promise in this Agreement.
- This Agreement is the entire agreement between and among the Parties 19. hereto with respect to the subject matter set forth herein.
- 20. Each party has cooperated in the drafting and preparation of this Agreement. Hence, neither this Agreement nor any part of it shall be construed against either party merely because such party may have drafted all or part of it.
- 21. The Parties to this Agreement, and each of them, agree to perform such further and other acts and to execute and deliver such further and other documents as may be reasonably necessary to carry out the provisions of this Agreement.
- Each party hereto represents and warrants that it has full power and authority to enter into this Agreement and to perform any and all transactions or other matters contemplated to be performed under this Agreement.
- 23. This Agreement may be amended or modified only by a written instrument signed by all of the Parties.
- 24. This Agreement shall be binding on and shall inure to the benefit of the Parties hereto, and their respective officers, directors, shareholders, legal representatives, assignees and successors-in-interest.
- This Agreement may be executed by facsimile and in counterparts all of 25. which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth next to their respective signatures below.

THE HIPSAVER COMPANY, INC.

J.T. POSEY COMPANY, INC.

By: Edward Joseph By: Emt M Posey

Edward L. Goodwin, President Its: President	Its: President
Dated: 9/22/04, 2004	Dated: $\frac{9/21/2064}{2004}$, 2004
APPROVED AS TO	FORM:
BROMBERG SUNSTEIN LLP	SHELDON & MAK PC
By:	By: Jeffrey O. Sheldon Attorneys for Posey
Dated: 9.21.04 , 2004	Dated: 9/1, 2004

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

	Civil Action No. 04-11294-PBS					
HIPSAVER COMPANY, INC.,)					
Plaintiff,)					
v.	<u> </u>					
J.T. POSEY COMPANY,	(
Defendant.))					

UNDERTAKING BY DEFENDANT J.T. POSEY COMPANY

During the pendency of the above action Posey undertakes and agrees as follows:

- 1. Posey has discontinued distribution of the White Paper authored by Bimal P. Gandhi ("White Paper");
- 2. Posey has discontinued distribution of catalogs and all other materials containing information derived from the White Paper;
- 3. Posey has instructed all its employees, sales representatives, and distributors who have purchased Hipsters since 2001, to discontinue all reference to the White Paper and information derived from the White Paper, nor represent that its hip protectors have been validated by scientific research at UCLA, in communications with

EXHIBIT A (page 1 of 2) Case 1:05-cv-10917-PBS Document 18-2 Filed 07/01/2005 Page 9 of 10

customers or potential customers, including written correspondence, emails, telephonic or

face-to-face conversations, sales pitches, and the like;

4. Posey will not include the White Paper or information derived from the

White Paper in any future catalogs, brochures, or other advertising materials.

5. Posey will not represent that its hip protectors have been validated by

scientific research at UCLA.

This undertaking is not made as any admission of liability or wrongdoing, but

because Posey values its reputation, and does not engage in activities that are in any way

questionable.

Dated: August 26, 2004

J.T. POSEY COMPANY

By: s/Ernest M. Posey/

Ernest M. Posey

EXHIBIT A (page 2 of 2)

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EXHIBIT B

Special Announcement: HipSaver® and Posey Hipster® brand Hip Protectors

In the fall of 2003, Posey began distributing an article (also known as the "White Paper") entitled "A Solution to Hip Fractures Using Performance Tested Hip Protectors." In its catalogs and newsletters, Posey included statements derived from the White Paper and bar charts comparing the relative effectiveness of Posey's Hipsters.

The White Paper was written by a UCLA graduate student working on his Master's Thesis. UCLA did not sponsor, authorize, or endorse the tests or the results reported in the White paper or the Master's Thesis.

The HipSaver Company, Inc. challenged the accuracy of the White Paper and the statements and bar charts in Posey's catalogs and newsletters. HipSaver's claims included: (a) a flawed testing methodology used by the graduate student; (b) testing of some products which were no longer offered in the marketplace; and (c) test conclusions which were subject to unreliable or false interpretation.

The HipSaver Company retained Wilson C. Hayes, PhD, a recognized biomechanical engineering expert, to review the White Paper, the graduate student's thesis, and Posey's advertising. Dr. Hayes determined that the research is not reliable and cannot sustain any of the claims in the White Paper and our advertising with reasonable certainty.

Posey values its hard-earned reputation and does not advocate the use of any material that may be inaccurate or out of date, and expressly regrets comparisons with HipSaver products and confusion this may have caused in the marketplace.

Posey has eliminated the bar charts and all statements based on the White Paper from its catalogs.

If by chance you have a copy of the White Paper or any advertising material referring to testing at UCLA, please do not use it or to rely on any statements in it.

If you have any questions about anything in this announcement, please contact Posey at [telephone number]

> **EXHIBIT B** (page 1 of 1)



Posey® Hipsters™

Posey Hipsters feature impact absorbing, soft foam pads over the critical fracture area to help minimize potential damage, including hip fractures that can occur from a fall.

Hipsters are available in four styles:

- · Standard Unisex Brief easily fits over undergarments, or can be worn as underwear.
- Incontinent Brief features a snap front for easier application over adult diapers.
- Male Fly Brief easily fits over undergarments, or can be worn as underwear.
- EZ-On Brief features a crotchless design that allows patients to wear their own undergarments. The mesh material is water permeable, allowing the EZ On Hipster to be worn during bathing.

All Hipsters are available with original foam padding, or high durability padding designed to withstand laundering in large capacity machines at higher temperature hot washing cycles.

- REF 6016 Hipsters, Standard Brief
- REF 6017 Hipsters, Incontinent Brief
- REF 6018 Hipsters, Male Fly Brief
- REF 6019 Hipsters, EZ On
- REF 6008 Replacement Pads, 1 pair
- REF 6016H Hipsters, High Durability Pads, Standard Brief
- REF 6017H Hipsters, High Durability Pads, Incontinent Brief
- REF 6018H Hipsters, High Durability Pads, Male Fly Brief
- REF 6019H Hipsters, High Durability Pads, EZ On
- REF 6008H Replacement High Durability Pads, 1 pair

Application Instructions:

Standard, Male Fly and Incontinent Brief Models

With the Posey label in the back, put the Hipsters on as you would a pair of shorts, sliding them gently over the hips. Adjust to assure that the foam pads are properly aligned with and cover the hip joint.

EZ On Model

- 1. Unfasten the hook and loop at the waist and thighs.
- 2. Wrap the garment around your waist. The labels should be at the back and on the inside of the waistband.
- Fasten the hook and loop at the front of your waist. The waistband should be securely fastened to allow minimal shifting of the garment, but should not feel tight or restrictive.
- 4. Pull the left panel taut over the left hip and thigh. The pad should be positioned directly over the hip joint.
- 5. Secure the leg band around the lower thigh using the hook and loop attachment. The elastic band should be tight enough to prevent the pad from sliding out of place without restricting circulation.
- Repeat steps 4 and 5 on the right side.

1 Center for Disease Control and Prevention, 27 Aug 2004, www.cdc.gov/ncidod/hip/Sterile/laundry.htm



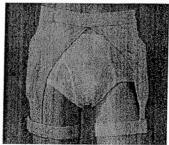




#6017 / #6017H



#6018 / #6018H



#6019 / #6019H

Laundering Instructions

Posey Hipster with High Durability pads are designed to withstand laundering in higher temperature hot washing cycles. Hipsters can be washed according to CDC guidelines for soiled linen. However, using the lower temperature washing and drying cycle for non-contaminated linen will prolong product life. "Studies have shown that a satisfactory reduction of microbial contamination can be achieved at water temperatures lower than 160°F if laundry chemicals suitable for lower-temperature washing are used at proper concentrations. In the home, normal washing and drying cycles including 'hot' or 'cold' cycles are adequate to ensure patient safety. Manufacturers instructions for the machine and the detergent or wash additive should be followed closely."1

- Adhere hook and loop straps before laundering to prevent lint build-up on hook during laundry cycle. If hook and loop does not adhere due to lint, clean hook material with a stiff brush.
- If EZ On pads are removed, wipe clean with mild, liquid disinfectant before replacing in the pants.

Hipsters







High Durability Hipsters

WASH HOT BLEACH AS DIRECTED ON CONTAINER

DRY ON

	SIZING CI	LART					
Size	Waist Measurement	Hip Measurement					
S	28" - 30" or 71 - 76cm	35" - 37" or 88 - 93cm					
M	30" - 34" or 76 - 86cm	37" - 41" or 93 - 104cm					
L	34"-38" or 86 - 96cm	41" - 45" or 104 - 114cm					
XL	38"- 42" or 96 - 106cm	45" - 49" or 114 - 124cm					
XXL	42"-46" or 106-116cm	49" - 53" or 124 - 134cm					

AWARNING

Due to the random possibility of falls, the Posey Company makes no guarantee, express or implied, that the user is protected from hip trauma. The skin under the pants should be assessed regularly and Hipsters should be changed and washed after each incontinent episode to prevent skin breakdown.

Posey Hipsters contain foam pads that are sealed in a pouch to protect it from water. If the pouch is cut or the seal is broken during laundering, moisture will enter the pouch and may result in waterlogged foam. Waterlogged foam encased in the pouch may promote the growth of bacteria.

- · Test the foam and pouch integrity by squeezing the pad in one fist, forcing the air to one end, resulting in an air bubble.
- · If you hear or feel liquid or air escaping, the pouch is damaged.
- If the pouch is damaged, discontinue use and discard.

Clinical References Supporting the Use of Hip Protectors

Title:

External Hip Protectors to Prevent Osteoporotic Hip Fractures

Author: Publication:

A. Ekman, H. Mallmin, K. Michaelsson, S. Ljunghall The Lancet, volume 350, August 23, 1997

Study Objectives: Ekman and colleagues conducted a controlled study on the use of hip protection to prevent hip fractures. One expectation was to either

confirm or disprove the 1993 reported findings of J.B. Lauritzen and colleagues in "Effect of external hip protectors on hip fractures."

Results:

The use of hip protectors as preventative treatment for hip fractures was validated. "Our study confirms a reduced risk

for hip fractures of the same magnitude as the previous report ."

Recommendations: "With improved compliance, external hip protectors should be an effective prophylactic against hip fractures."

Title:

Prevention Of Hip Fracture in Elderly People

Author:

Pekka Kannus, M.D., Ph.D., et al

Publication:

The New England Journal of Medicine, Vol. 343, No. 21, November 21, 2000

Study Objectives: The purpose of this study was "to determine whether an external hip protector would be effective in preventing hip fractures among elderly adults." The study population was comprised of elderly adults from 22 community based health-care centers in Finland; a treatment group of 653 and a control group of 1,148 participants.

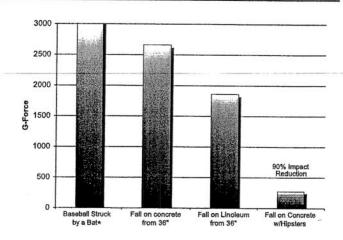
Results:

The degree of compliance with the hip protector was 48 ± 29%. The hip protector group suffered 13 hip fractures, 9 of which occurred while not wearing the hip protector, compared to 67 hip fractures in the control group.

Recommendations: "We conclude that the risk of hip fractures can be reduced in frail elderly adults through the use of an anatomically designed external hip protectors. Only 41 persons need to use the hip protector for one year (or 8 persons, for five years) in order for one fracture to be prevented."

Posey Hipsters Proven Effective in Laboratory Test

An independent laboratory study was conducted to determine the most effective impact absorbing material. A test was created that would simulate a fall causing direct impact to the greater trochanter. In this study, a weight was released in a guided drop to simulate a 120 lb. subject falling from a height of 36", or the estimated height of the hip above the floor for a typical nursing home resident. The baseline measurement of impact force was determined to be a fall directly onto concrete. The G-Force of a fall under this scenario was 2,660G's and, for purposes of comparison, is just slightly less impact force than that of a baseball being struck by a bat. In this extreme test, the low profile Posey Hipster reduced the impact force on average by 90% and showed excellent impact energy absorption.



Testing was conducted by Garwood Laboratories. Data on file at J.T. Posey Company *Source: www.madsci.org

Ernest M. Posey, President Posey Company 5635 Peck Road Arcadia, CA 91006 April 8, 2005 By UPS and Fax# 626-443-5014

Greetings Mr Ernest M. Posey,

Your advertising literature cites an impact test conducted at Garwood Laboratories. There are several aspects of the accompanying advertising copy that are misleading to the consumer.

Your implication using the superlative "most effective impact absorbing material" is that you have tested comparable hip protectors on the market and found the Posey to be most effective. This statement, if found to be unsupported, wrongly disparages all the other hip protectors including HipSaver.

The protocol described deviates significantly from all university hip protector protocols and seems erroneous. We do not believe that your Confor® foam based hip prtotector can remove 90% of the fall force. In fact we have tested your hip protectors on our new Instron Dynatup 9200 and found the reduction to be much lower.

Furthermore, your Garwood results even if correct would not pertain to your Poron® hip protector.

I am hereby requesting all of the backup information "on file at J.T. Posey Co." about this test including the protocol, diagrams and a list of specimens tested.

Please supply this information to me within 10 days.

Ed Goodwin, HipSaver Inc.

Copy: J Freymark

GARWOOD LABORATORIES, INC. :

- · DSCC-VQ Approved
- · ISO-9002 Certification
- Accredited by A2LA (ISO Guide 25)

August 7, 2001



Since 1954

Tel: 562-949-2727 Fax: 562-949-8757

Report No.: R24530

Rev.: N/C Page 1 of 7

ENVIRONMENTAL TEST REPORT

ON VARIOUS HIP PROTECTORS

FOR

POSEY COMPANY

PERFORMED For:

POSEY COMPANY

5635 Peck Road Arcadia, CA 91006

PERFORMED By:

GARWOOD LABORATORIES, INC.

7829 Industry Ave. Pico Rivera, CA 90660

Garwood Laboratories, Inc., does hereby certify that all inspection(s) and test(s) have been performed in accordance with the documents referenced herein with exceptions as noted in this report. The results in this report pertain only to the specified equipment tested. This report shall not be reproduced, except in full, without the written authorization of Garwood Laboratories, Inc.

Prepared By:

R.M. "RICK" CLEMENS, Technical Writer

Approved By:

WILLIAM FLOWER, Quality Assurance Manager

Approved By:

TIM STURKIE, Laboratory Manager



GARWOOD LABORATORIES, INC.

Tel: (562)949-2727 Fax: (562)949-8757

REPORT NO.: R24530

Fax: (562)949-8757 Page No.: <u>4 of 7</u>

ENVIRONMENTAL TEST REPORT

1.0 PURPOSE

1.1 The purpose of this report is to present the procedures employed and the results obtained, while conducting the Environmental Test of Impact Absorption on various Hip Protectors, noted in Table I, submitted by Posey Company.

TABLE I SAMPLE
Safe Hip
Hip Saver
Slim Saver
Gerihip
Protecta Hip
HIPS
EAR 1/2" Blue
EAR 1/2" Green
EAR 3/4" Pink
EAR 3/4" Blue
EAR H1065-11K
EAR H1065-11L
EAR H1065-11P
EAR H1065-11Q
EAR H1065-11E
EAR H1065-11F
Foam Molders 1/2" Foan
Foam Molders 1" Foam
Perry Chemical Foam
Lendell Foam

- 1.2 The Environmental Test specified herein was performed in accordance with the references of Para. 2.0 of this report.
- 1.3 The test sequence of the program is noted in Para. 5.0, of this report.



GARWOOD LABORATORIES, INC.

Tel: (562)949-2727 Fax: (562)949-8757 REPORT NO .: R24530 Page No.: 5 of

ENVIRONMENTAL TEST REPORT

2.0 REFERENCES

2.1 SM1393 Posey Company, Purchase Order,

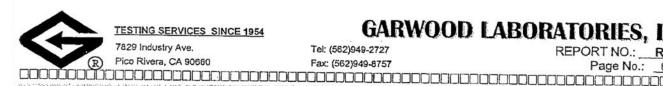
2.2 S.O.W. Posey Company Statement of Work

2.3 ISO 10012-1 Quality Assurance Requirements Measuring Equipment

2.4 ANSI/NCSL Z540-1-1994 Calibration Laboratories and Measuring and Test **Equipment General Requirements**

3.0 SUMMARY

- The various Hip Protectors were subjected to and completed the specified Impact 3.1 Absorption Test with results recorded on accompanying data sheets.
- The Hip Protectors were considered to have been subjected to the requirements of 3.2 the specified Impact Absorption Test, as conducted by Garwood Laboratories, Inc., in accordance with the references shown in Para. 2.0 of this report. Pass or Fail criteria to be determined by Posey Company.
- The Hip Protectors were then returned to Posey Company for further evaluation 3.3 after completion of testing.



GARWOOD LABORATORIES, INC. Tel: (562)949-2727

REPORT NO .: R24530 Page No.:

ENVIRONMENTAL TEST REPORT

Fax: (562)949-8757

TEST CONDITIONS AND EQUIPMENT 4.0

4.1 Ambient Conditions:

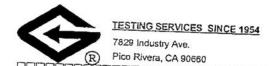
Unless otherwise specified herein, all tests were performed at an atmospheric pressure of 28 ± 2.5 inches of mercury absolute, a temperature of 75 ± 15 °F, and a relative humidity of 50 ± 30 %.

4.2 Instrumentation and Equipment:

- 4.2.1 Measuring and test equipment utilized in the performance of these tests, was calibrated in accordance with ISO 10012-1, former MIL-STD-45662A, and ANSI/NCSL Z540-1-1994, by Laboratories, Inc., or a commercial facility, utilizing reference standards (or interim standards) whose calibrations have been certified as being traceable to the National Institute of Standards & Technology (NIST). All reference standards utilized in the above calibration system are supported by certificates, reports, or data sheets attesting to the date, accuracy, and conditions under which the results furnished were obtained. All subordinate standards. measuring and test equipment are supported by like data, when such information is essential to achieve the accuracy control required by the procedure.
- 422 Garwood Laboratories, Inc. attests that the commercial sources providing calibration services on the above referenced equipment. other than the NIST Standards, are in fact capable of performing the required services to the satisfaction of Garwood Laboratories, Inc. Quality Assurance. Certifications of all calibrations performed are retained on file in the Garwood Laboratories, Inc. Quality Assurance Department and are available for inspection upon request by customer representatives.
- 4.2.3 The test equipment utilized during this test program is listed on individual Data Sheets, beginning on page number A1 of Appendix A of this report.

4.3 Tolerances:

4.3.1 Unless otherwise stated, test conditions were maintained within the tolerances specified in the references of Para. 2.0 of this report.



GARWOOD LABORATORIES, INC.

Tel: (562)949-2727 Fax: (562)949-8757

REPORT NO .:

ENVIRONMENTAL TEST REPORT

TEST SEQUENCE

The Impact Absorption Test was conducted on July 26, 2001. 5.1

TEST METHODS AND RESULTS 6.0

6.1 IMPACT ABSORPTION:

(Ref.: Posey S.O.W.)

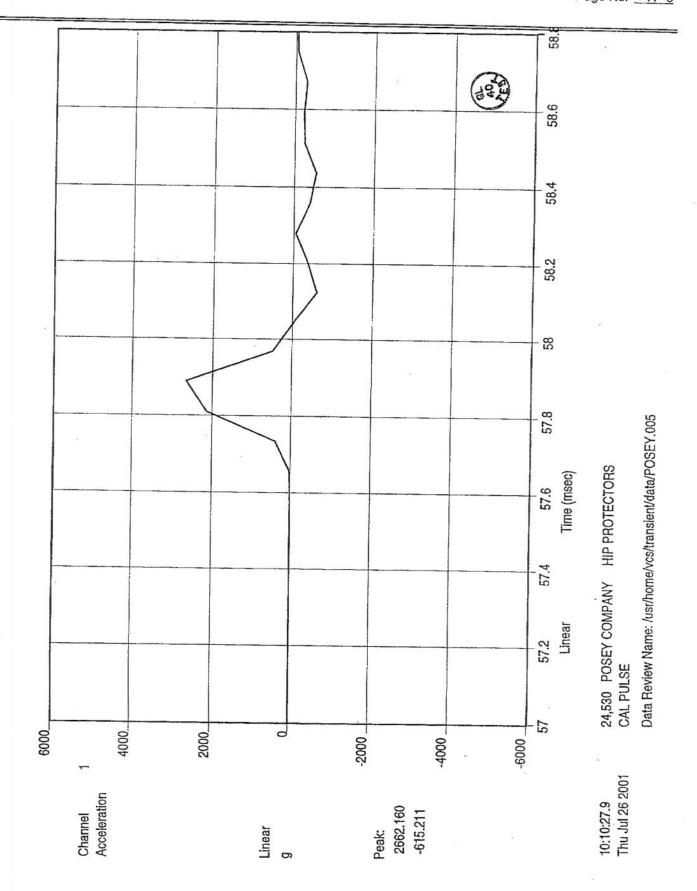
- 6.1.1 Various Hip Protectors, consisting of samples of twenty (20) models noted in Table I, were subjected to the following Impact Absorption Test.
- 6.1.2 Each of the Hip Protectors were placed under a 6" diameter weight weighing 72 Lbs.
- 6.1.3 The weight was then raised, using a guided drop tester, to the specified height of twenty-four (24) inches, and dropped on the sample. This was then repeated three (3) times on each sample of each model.
- 6.1.4 Upon completion of each drop, the test items were inspected, by the customer, who witnessed all testing, and recorded all impact amplitudes.
- 6.1.5 The Hip Protectors completed the Impact Absorption Test with Impact data recorded on accompanying data sheets. See data sheets.
- 6.1.6 The Hip Protectors were considered to have been subjected to the requirements of the Impact Absorption Test, as conducted by Garwood Laboratories, Inc., in accordance with Posey Statement of Work. All pass or fail criteria to be determined by Posey Company.
- 6.2 The Hip Protectors were returned to Posey Company for evaluation after completion of testing.



GARWOOD LABORATORIES, INC.

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REPORT NO.: <u>R24530</u> Page No. <u>A - 5</u>

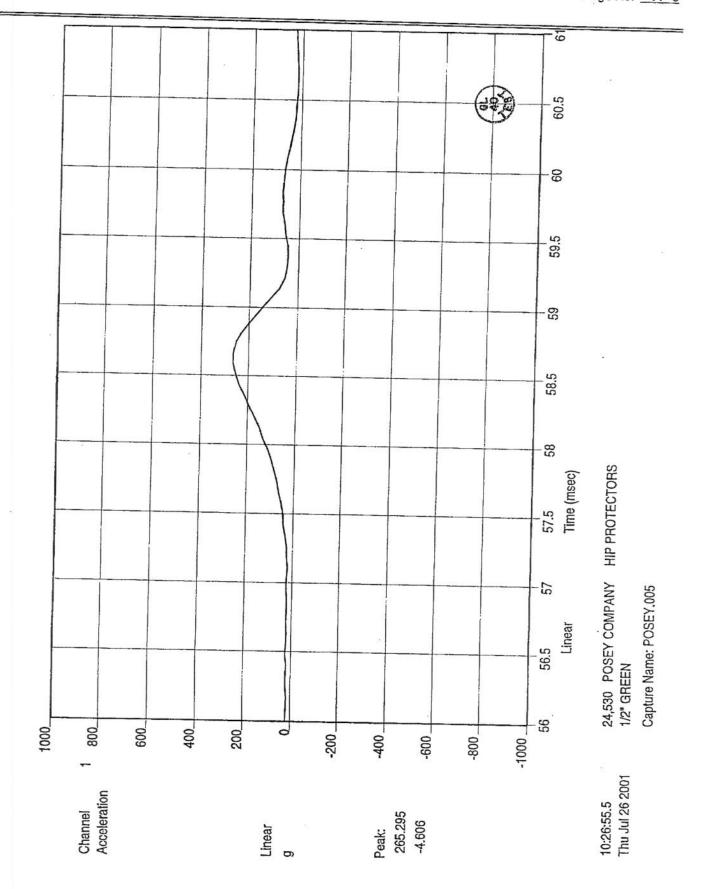




GARWOOD LABORATORIES, INC. REPORT NO.: R24530

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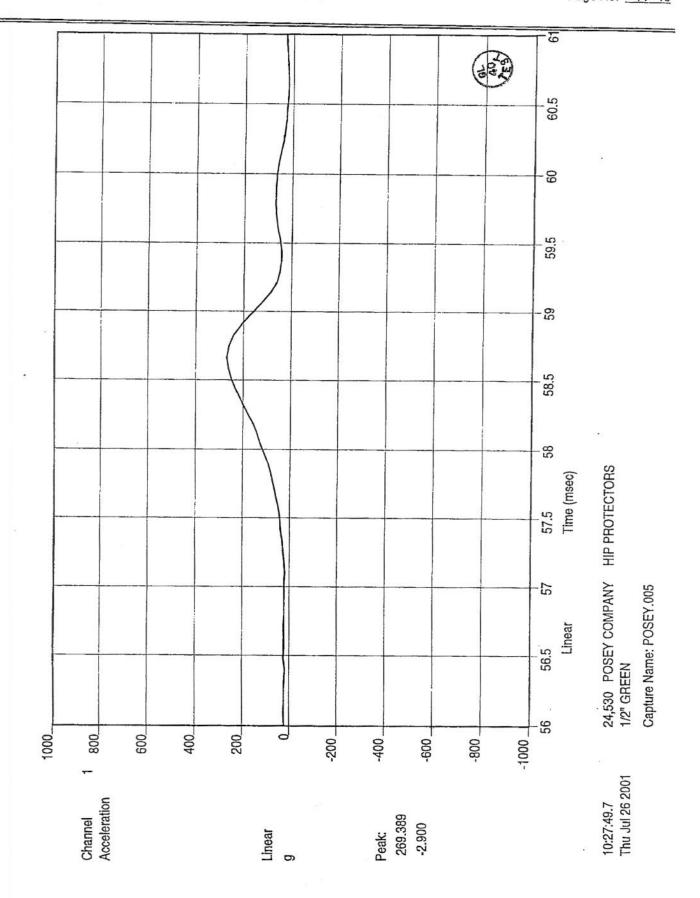
Page No. A - 9





GARWOOD LABORATORIES, INC.

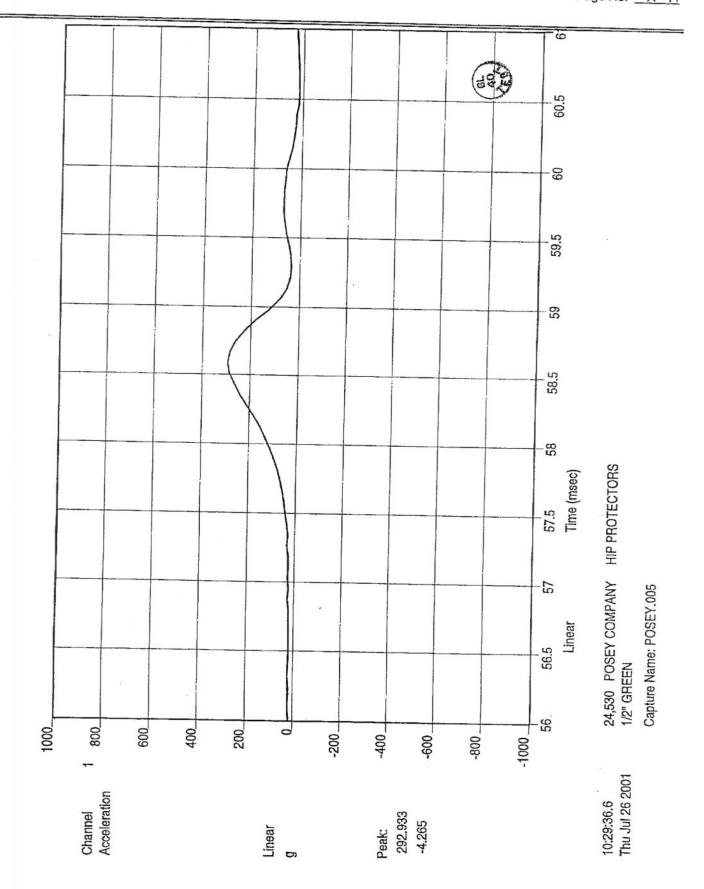
Tel: (562)949-2727 Fax: (562)949-8757 REPORT NO.: R24530 Page No. A - 10





GARWOOD LABORATORIES, INC. REPORT NO.: R24530

Tel: (562)949-2727 Fax: (562)949-8757 Page No. A - 11





Posey Company 5635 Peck Road • Arcadia, California 91006-0020 U.S.A. Tel: 626-443-3143 • Fax: 626-443-5014 • www.posey.com

Customer Service Tel: 800-447-6739 Fax: 800-767-3933

April 27, 2005

Ed Goodwin HipSaver, Inc. 7 Hubbard Street Canton, Massachusetts 02021

Dear Ed:

I received your voice message. The data you received is complete and supports our claims.

This is just a reminder you have never provided the test data we requested which shows that your product is launderable at 250° Fahrenheit. When can I expect to receive

Also, when will you be responding to the issues raised in my recent letter?

Sincerely yours,

Ernest M. Posev

RECEIPT # AMOUNT S. /Q/ SUMMONS ISSUED /	iN C	FILED IN CLERKS OFF			FIC	ICE
LOCAL RULE 4.1 WAIVER FORM	2004	JUN	10			
MOF ISSUED UNITED STATES DISTRIBY OPTY, OLK. FOR THE DISTRICT OF MASSIBLE G-10-09		ISE!	rns.			

Civil Action No.

The HipSaver Company, I	nc.,	04	, 	1	1	2	9	4	PBS
1	Plaintiff,)							
v)		MA	GIST	RATE	JUDO	gk o	llings
J.T Posey Company,)							
E 1/2 D	Defendant)							
)							
)							

COMPLAINT

This action seeks preliminary and permanent injunctive relief, damages, costs, and attorney fees for intentional, fraudulent, and bad faith misrepresentation and literally false comparative advertising in violation of the Lanham Act, 15 U.S.C. §§1125, 1117, and the Massachusetts Business Practices Act, G.L. c.93A, §§ 2, 11. The Defendant, J.T. Posey Company ("Posey") is the dominant, nationwide distributor of patient safety and support equipment and devices. The relevant market includes some 17,000 nursing homes and 3,000 rehabilitation hospitals. For some time, Posey has been engaged in aggressive efforts to thwart its much smaller competitors, most of which, like Plaintiff, the HipSaver Company, Inc. ("HipSaver") invent, design, manufacture, distribute, and sell a limited number of products. Posey does not invent new products; rather, its standard operating procedure is to copy and "knock-off" competitor products. Then,

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IN ULERKS OFFICE

ON THE DISTRICT OF MASSACHUSETTS

OF THE DISTRICT OF MASSACHUSETTS

Civil Action No.

The HipSaver Company, Inc.,
Plaintiff,

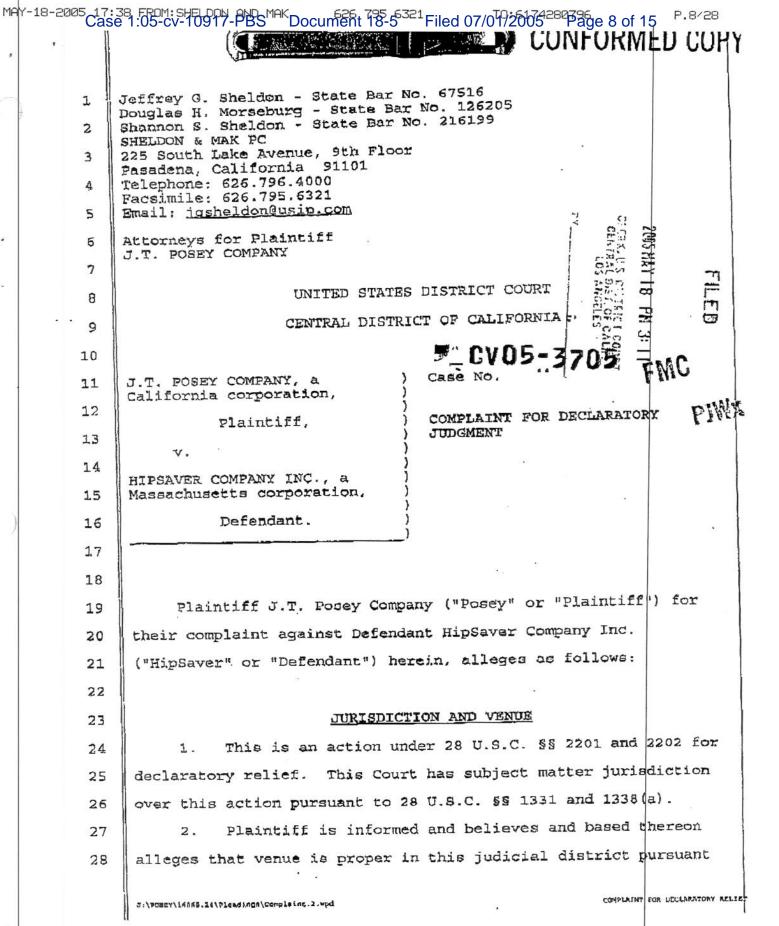
J.T Posey Company,
Defendant

Defendant

Defendant

COMPLAINT

This action seeks preliminary and permanent injunctive relief, damages, costs, and attorney fees for breach of a Settlement Agreement and intentional, fraudulent, and bad faith misrepresentation and literally false comparative advertising in violation of the Lanham Act, 15 U.S.C. §§1125, 1117, and the Massachusetts Business Practices Act, G.L. c.93A, §§ 2, 11. The Defendant, J.T. Posey Company ("Posey") is the dominant, nationwide distributor of patient safety and support equipment and devices. The relevant market includes some 17,000 nursing homes and 3,000 rehabilitation hospitals. For some time, Posey has been engaged in aggressive efforts to thwart its much smaller competitors, most of which, like Plaintiff, the HipSaver Company, Inc. ("the HipSaver Company") invent, design, manufacture, distribute, and sell a limited number of products. Posey uses its marketplace dominance and deceptive advertising to drive smaller



- 18. Defendant contends that Plaintiff's advertising regarding the Impact Study is deceptive, false and misleading, that Plaintiff's advertising regarding the Impact Study violates the Lanham Act, other laws and/or other of the Defendant's rights and that it has not violated any of its obligations under the Settlement Agreement.
- 19. Pursuant to 28 U.S.C. §§ 2201 and 2202, Plaintiff is entitled to a judicial declaration with respect to (i) whether its advertising regarding the Impact Study is accurate, (ii) whether it has violated the Lanham Act, any other laws or any of Plaintiff's other rights, and (iii) whether it has violated any of its obligations to Defendant under the Settlement Agreement.
- 20. A judicial declaration is necessary and appropriate at this time in order that Plaintiff may ascertain its rights under the Settlement Agreement and conduct its advertising accordingly.

WHEREFORE, Plaintiff prays for relief against Defendant as follows:

- 1. For a judicial declaration that its advertising relating to the Impact Study is accurate, that it has not violated the Lanham Act, any other laws or any of Plaintiff's other rights, and that it has not violated any of its obligations to Defendant under the Settlement Agreement;
- 2. For reasonable attorneys' fees, in an amount in accord with law and proof;
 - 3. For costs of suit herein; and

1	4. For such other and further relief as the Court	deems
2	just and proper.	
3		
4	Dated: May 18, 2005 SHELDON & MAK PC	
5	1 de Blad	
6	By: Deffrey G. Sheldon	
7	Attorneys for Plaintiff	
8	J.T. POSEY COMPANY	
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06-27-2005	15:04 From-SHELDON & MAK Case 1:05-cv-10917-PBS Document 18-	6267956321 T-796 P.002/034 F-488 -5 Filed 07/01/2005 Page 12 of 15					
1 2 3	BROMBERG & SUNSTEIN LLP Jeffrey G. Sheldon - State Bar No. 67516 RECEIVED Douglas H. Morseburg - State Bar No. 126205 Shannon S. Sheldon - State Bar No. 216199 JUN 2 8 2005 SHELDON & MAK						
5	Telephone: 626.796.4000 Facsimile: 626.795.6321 Email: jgsheldon@usip.com						
6 7	Attorneys for Plaintiff and Counterclaim Defendant J.T. POSEY COMPANY						
8							
9	UNITED STATE	S DISTRICT COURT					
10	10 CENTRAL DISTRICT OF CALIFORNIA						
11	WESTERN DIVISION						
12	2	*					
13	J.T. POSEY COMPANY, a) California corporation,)	Case No. CV-05-3705 FMC (PJWx)					
14	Plaintiff,	MEMORANDUM OF POINTS AND					
15	v.)	AUTHORITIES OF PLAINTIFF AND COUNTERCLAIM DEFENDANT J.T.					
16	HIPSAVER COMPANY INC., a.)	POSEY COMPANY IN PARTIAL OPPOSITION TO MOTION OF					
17	Massachusetts corporation,)	DEFENDANT AND COUNTERCLAIMANT HIPSAVER COMPANY, INC. FOR					
18	Defendant.)	DISMISSAL, STAY OR TRANSFER OF ACTION					
19	AND RELATED COUNTERCLAIM.)	Date: July 11, 2005					
20)	Time: 10:00 a.m. Place: Courtroom 750					
21		Hon. Florence-Marie Cooper					
, 22		*					
23		m Defendant J.T. Posey Company,					
24	Inc. ("Posey") partially oppose	10.75					
25		ny, Inc. ("HipSaver") to dismiss or					
26		sfer it to the U.S. District Court					
27		tts. For the reasons set forth					
28	below, HipSaver's request to st	tay this action should be granted.					

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Airlines, Inc. v. American Airlines, Inc., 989 F.2d 1002, 1004 (8th Cir. 1993) ("the court in which jurisdiction first attached should proceed to adjudicate the controversy").

The first to file rule ordinarily operates based on the filing dates of the complaints. But the rule is not an inflexible rule of law and courts routinely depart from it. This would be the case where, for example, it is more convenient to litigate in the forum of the second-filed action, the court in the first-filed action lacks jurisdiction over all necessary or desirable parties, Genentech v. Eli Lilly And Co., 998 F.2d 931, 938 (Fed. Cir. 1993), or there has been bad faith, an anticipatory suit, or forum shopping. Ward v. Follett Corp., 158 F.R.D. 645 (N.D. Cal. 1994); Guthy-Renker Fitness v. Icon Health & Fitness, 179 F.R.D. 264, 270 (C.D. Cal. 1998).

In the instant case, the advertising which is the subject of HipSaver's most recent complaint refers to some testing that was performed by a company called Garwood Laboratories ("Garwood") on some materials that were supplied to it by Posey. The advertising refers to a report that was authored by Garwood regarding that testing. (Hereafter, the testing and the report shall be referred to collectively as the "Impact Study").

Given the nature of the parties' dispute, Posey contends that the first to file rule should apply in this case because California, the forum of the second-filed action, is a far more convenient forum for the parties and the witnesses than is Massachusetts, the forum of the first-filed case.

For example, as is set forth in the papers Posey filed in Posey II in support of its motion to transfer that action to

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transfer Posey II to this district, it would be improvident for this Court to assume that the first to file rule applies in this case. See, e.g. Alltrade, Inc. v. Uniweld Prod., Inc., 946 F.2d 622, 625 (9th Cir. 1991) (reversible error to dismiss rather than stay when there are first to file issues); Ward v. Follett Corp., 158 F.R.D. at 649 (determination as to whether to disregard the first to file rule should be made by the court in which the first-filed action is pending).

Therefore, this Court should simply stay the instant action pending a ruling by the Massachusetts court on the motion to transfer. If the Court does not stay this action, it should, at the very least, defer ruling on the instant motion until such time as the Massachusetts court rules on Posey's transfer motion.

Staying the instant action, or deferring a ruling on the instant motion pending a ruling in Massachusetts, would best serve the interests of the parties and the interests of the Court. After all, if the Massachusetts court denies Posey's motion to transfer, Posey will stipulate to a transfer of this action to the District of Massachusetts. If the Massachusetts court grants Posey's transfer motion, this Court could then lift the stay (or, as the case may be, deny this motion), consolidate this case with Posey II, and then resolve the parties' dispute all at once.

> B. HipSaver's Motions to Dismiss Or Transfer This Case Should Be Denied.

Dismissing this case at this point or transferring it to Massachusetts would make no sense. As far as a transfer is

1-200		ase 1:05-cv-10917-PBS Document 18-5 Filed 07/01/2005 Page 15 of 15
	1	event, the Court should deny HipSaver's motion to dismiss this
	2	action and its alternative motion for transfer.
	3	
	4	Respectfully submitted,
	5	June 27, 2005 SHELDON & MAK
	6	
	7	Woules 15 Morsebury.
	8	Douglas H. Morseburg
12.0	9	Attorneys for Plaintiff and Counterclaim Defendant J.T. Posey Company, Inc.
	10	Company, Inc.
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T-796 P.011/034 F-488

-06-27-2005 15:06

From-SHELDON & MAK



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Tel: 1-800-44-POSEY Fax: 1-800-767-3933

Posey Company 5635 Peck Rd. Arcadia, CA 91006-0020 USA Posey

Helping Caregivers with Products & Education Since 1937



About Us

Management Team

Our People

Careers

About the J.T Posey Company

John Thomton Posey founded the J.T. Posey Company in 1937, when he built a foot cradle for a hospitalized friend who complained about the weight of the bedcovers on his bare feet. The hospital liked the idea, and asked for a price for 12 foot cradles. The Posey Company landed its first order, and made a profit of \$12.

As John Posey showed the foot cradles to other hospitals in the San Francisco area, he was asked to develop other products to assist in patient care. Soon, he expanded his travels beyond San Francisco, and after many years John built a company with a worldwide reputation for innovative and practical healthcare products. In 1991, John handed the president's gavel to his third son, Emie, while maintaining a leadership role as Chairman of the Board.



Today, the J.T. Posey Company manufactures over 600 healthcare/safety products with every product bearing the Posey name and made to the same exacting standards established by John Posey over 60 years ago. Posey quality is the result of the dedicatic of over 300 craftsmen with an average tenure of 12 years service.

Since introducing its first fall monitor in 1992, the Posey Company has become the leading provider of innovative, restraint-free, fa management products. Posey fall management products quickly earned the confidence of health care providers, and in a recent survey published by Nursing Homes Magazine, caregivers ranked the Posey Company #1 in fall prevention. Recent product releases include the Sitter II® Fall Prevention Monitor, Hipsters® padded briefs, and the Floor Cushion fall mat.

In addition to high quality, cost-effective products, the Posey Company is a leading provider of education materials including videor posters, manuals and resource guides. Many Posey in-service and educational programs are approved for continuing education credit. The most recent, "Reducing the Risk of Unassisted Bed Exit," is a comprehensive fall management tool that outlines intervention strategies to lower the risk of patients who attempt to exit their bed unassisted.

Posey products are available on a no-obligation 30-day trial (some restrictions apply, call Customer Service for details).

J.T. Posey Company 5635 Peck Road Arcadia, California 91006-0020 USA

Tel: 800-447-6739 or 626-443-3143 Fax: 800-767-3933 or 626-443-5014

© 2005 Posey Company.

5635 Peck Rd. Arcadia, CA 91006-0020 USA

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. No. 04-11294-PBS

THE HIPSAVER COMPANY, INC., Plaintiff, V. J.T. POSEY COMPANY, Defendant. J.T. POSEY COMPANY, Counterclaimant, ٧. THE HIPSAVER COMPANY, INC., Counterdefendant

STIPULATION FOR DISMISSAL

Plaintiff The HipSaver Company, Inc. and Defendant J.T. Posey Company, Inc., by and through their respective counsel of record, hereby stipulate and agree as follows:

- This entire action shall be and is hereby dismissed with prejudice pursuant 1. to FRCP Rule 41(a)(1)(ii).
- Each party shall bear its own costs, expenses, and attorney's fees. 2.

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BOS\110273.1

IT IS SO STIPULATED.

THE HIPSAVER COMPANY, INC.

J.T. POSEY COMPANY

By its attorneys,

By its attorneys

(617) 289-9200

/s/ Lee Carl Bromberg

Lee Carl Bromberg (BBO No. 058480) Edward J. Dailey (BBO No. 112220) BROMBERG SUNSTEIN, LLP 125 Summer Street, 11th Floor Boston, MA 02110-1618 (617) 443-9292 /s/ Anthony J. Fitzpatrick
Anthony J. Fitzpatrick (BBO No. 564324)
DUANE MORRIS LLP
470 Atlantic Avenue, Suite 500
Boston, MA 02210

Jeffrey G. Sheldon William J. Brutocao Shannon S. Sheldon & Mak SHELDON & MAK PC 225 South Lake Avenue, 9th Floor Pasadena, California 91101 (626) 796-4000

September 22, 2004

SO ORDERED:

Patti B. Saris United States District Judge

Date:

United States District Court District of Massachusetts (Boston) CIVIL DOCKET FOR CASE #: 1:04-cv-11294-PBS

The HipSaver Company, Inc. v. J.T. Posey Company

Assigned to: Judge Patti B. Saris

Referred to: Demand: \$

Lead Docket: None Related Cases: None Case in other court: None

Cause: 15:1125 Trademark Infringement (Lanham Act)

Date Filed: 06/10/04 Jury Demand: Both

Nature of Suit: 890 Other Statutory

Actions

Jurisdiction: Federal Question

Plaintiff

The HipSaver Company, Inc.

represented by Edward J. Dailey

Bromberg Sunstein LLP 125 Summer Street Boston, MA 02110-1618 617-443-9292 Fax: 617-443-0004

Email: edailey@bromsun.com

LEAD ATTORNEY

ATTORNEY TO BE NOTICED

Lee C. Bromberg

Bromberg & Sunstein LLP 125 Summer Street Boston, MA 02110 617-443-9292 Fax: 617-443-0004

Email: lbromberg@bromsun.com

LEAD ATTORNEY

ATTORNEY TO BE NOTICED

Brian M. Donovan

Bromberg & Sunstein 125 Summer Street Boston, MA 02110-1618 617-443-9292

Fax: 617-443-0004

Email: bdonovan@bromsun.com TERMINATED: 08/24/2004 ATTORNEY TO BE NOTICED

V.

Defendant

08/31/2004	34	Judge A. David Mazzone. Report of Alternative Dispute Resolution Provider. The case was not settled. The Clerk should restore it to the trial list.(Tyler, Rebecca) (Entered: 09/01/2004)	
09/16/2004	TRANSCRIPT of Motion Hearing held on August 19, 200 Judge Saris. Court Reporter: Marie L. Cloonan. The origin transcripts are maintained in the case file in the Clerk's Of may be obtained by contacting the court reporter at 617/43 the Clerk's Office. (Scalfani, Deborah) (Entered: 09/17/20)		
09/22/2004	<u>36</u>	STIPULATION of Dismissal by J.T. Posey Company, The HipSaver Company, Inc (Fitzpatrick, Anthony) (Entered: 09/22/2004)	
09/24/2004		Judge Patti B. Saris: ORDER entered ELECTRONIC ENDORSEMENT granting 36 Stipulation of Dismissal filed by The HipSaver Company, Inc., J.T. Posey Company. (Patch, Christine) (Entered: 09/27/2004)	
09/24/2004		Civil Case Terminated. (Patch, Christine) (Entered: 09/27/2004)	

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	Transac	tion Receipt	
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Description:	Docket Report	Case Number:	1:04-cv-11294-PBS
Billable Pages:	4	Cost:	0.28